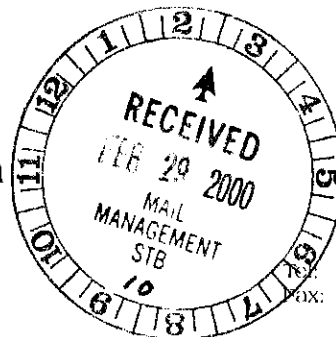


197164



State of North Carolina

Department of Justice
2202 Burnett Blvd.
P.O. Box 9002
Wilmington, NC 28402



MICHAEL F. EASLEY
ATTORNEY GENERAL

TEL: (910) 343-6424
FAX: (910) 343-6237

February 25, 2000

Surface Transportation Board
Office of the Secretary
Case Control Unit, Attn: STB Ex Parte No. 582
1925 K Street, N.W.
Washington, DC 20423-0001

ENTERED
Office of the Secretary

FEB 29 2000

Part of
Public Record

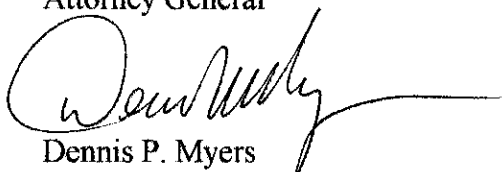
Re: STB Ex Parte No. 582

Dear Sir:

Enclosed please find a letter from Erik Stromberg, Executive Director of the North Carolina State Ports Authority, containing remarks intended to be included in the record of the hearing on this matter. In accordance with the Decision of February 16, 2000, I am also enclosing ten copies of the letter, as well as a 3.5 inch diskette in WordPerfect 7.0 format.

Yours Truly,

Michael F. Easley
Attorney General


Dennis P. Myers
Assistant Attorney General



197164



ERIK STROMBERG
Executive Director



February 25, 2000

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Office of the Secretary

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Public Record

Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Re: STB Ex Parte No. 582

Dear Chairman Morgan, Vice Chairman Burkes, and Commissioner Clyburn:

Due to the change in hearing schedule, I regret that I will not be able to attend the session on March 10, 2000, at which the North Carolina State Ports Authority is scheduled to appear. Please accept these comments for inclusion into your official record.

The North Carolina State Ports Authority has serious concerns with the potential impact of the BNSF/CN merger on the future structure of the rail industry. We agree with the STB that the BNSF/CN proposal may trigger another round of railroad consolidations, resulting in two large rail systems serving North America. History teaches that this may happen: BNSF's merger launched the last round of rail consolidations.

We also agree that the BNSF/CN proposal should not be considered in isolation. We think that the future structure of the railroad industry should be discussed now, before the BNSF/CN merger goes forward, and other railroads are forced to develop strategic responses. We believe that another wave of mergers would be premature. The railroad industry has little experience with its new structure resulting from the last round of mergers. The BN/Santa Fe, UP/SP, CN/IC and Conrail transactions are not yet fully implemented, and expected benefits are still emerging as service stabilizes. Fewer railroads, coupled with improved business processes and new technology, should allow the industry to provide more reliable seamless interline service. It is now time for the railroads to concentrate on existing opportunities to improve service rather than on further consolidation.

As an industry which is largely dependent for its successful operations upon reasonable and competitive rail services and rates, the North Carolina State Ports Authority is particularly

NORTH CAROLINA STATE PORTS AUTHORITY

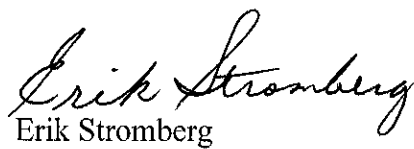
P.O. Box 9002 ■ Wilmington, NC 28402 ■ Tel: (910) 343-6232 ■ Fax: (910) 343-6237 ■ email: stromberg@ncports.com ■ <http://www.ncports.com>

Surface Transportation Board
February 25, 2000
Page Two

concerned about any merger which would tend to decrease competition within the railroad industry. We hope you will give this matter your careful attention, especially with regard to the effect additional mergers may have on those industries which are, in effect, captive customers of the railroads which serve them. We see increased, not reduced competition within the railroad industry as being essential to our future economic well-being, if not our viability.

Thank you for your attention to this matter, and to including our remarks in the official record of this proceeding.

Sincerely,


Erik Stromberg

/bs

NORTH CAROLINA STATE PORTS AUTHORITY